



HELIOSTAR METALS LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED MARCH 31, 2025 and 2024

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Heliostar Metals Limited ("Heliostar" or the "Company") was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Forward-Looking Statement disclaimer included with this MD&A.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for year ended March 31, 2025, and the notes contained therein, which were prepared in accordance with IAS 34- Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company uses certain non-IFRS financial measures in this MD&A as described under "Non-GAAP Financial Measures". All dollar amounts are expressed in United States ("\$") dollars or Canadian ("C\$") dollars and tabular amounts are expressed in thousands of U.S. dollars unless otherwise indicated. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of July 29, 2025, unless otherwise stated.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedarplus.ca and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties

BUSINESS OVERVIEW

Heliostar Metals Ltd. is the parent company of its subsidiary group (collectively, the "Company" or "Heliostar") and is a publicly traded corporation, incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 1723-595 Burrard Street, Vancouver, BC, V7X 1J1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol "HSTR" and on the OTCQX under the trading symbol "HSTXF."

The Company is engaged in gold and silver mining, exploration and related activities in Mexico and Alaska. The Company, through acquisition of Florida Canyon Gold Inc. ("FCGI") Mexican assets (refer to Note 5) during the year ended March 31, 2025, became the operator of the open pit La Colorada gold mine ("La Colorada") in Hermosillo, Mexico, and the open pit San Agustin gold mine ("San Agustin") in Durango, Mexico.

MAJOR CORPORATE MILESTONES DURING THE YEAR ENDED MARCH 31, 2025

- On August 22, 2024, the Company entered into a metals purchase contract with Ocean Partners USA, Inc. From the date of the purchase contract until December 31, 2025, the Company has the right to request an advance payment of up to US\$5 million in three equal monthly tranches. Each tranche of the advance payment must be repaid before a subsequent tranche can be drawn. The advance payment is subject to a fee equal to three months CME Term SOFR Reference Rates plus 4%. The Company made drawdown of a first tranche of \$1.7 million on August 30, 2024, and made a first tranche repayment including the accrued interest as of October 30, 2024, the repayment date on the loan.
- On September 17, 2024, the Company announced the commencement of a two-phase, 5,000 metre drill program at the Ana Paula Project, intended to test the east, west and down dip extensions of the High-Grade Panel and the Parallel Panel targets.
- On October 28, 2024, the Company announced the first results from the Ana Paula drill program. The holes expanded the High Grade Panel down-plunge.
- On November 6, 2024, the Company made a drawdown of \$5.0 million from Deans Knight Capital Management Ltd. ("DK") to make payment for the acquisition of Florida Canyon Gold Inc. The loan from DK bears annual interest of 15% annually and matures on November 30, 2026. As part of the loan arrangement, the Company issued 1,500,000 shares. The Company fully repaid the loan in February 2025 (\$2.0 million in December 2024 and \$3.0 million in February 2025).
- On November 7, 2024, the Company completed the acquisition of a 100% interest in all of Florida Canyon Gold Inc.'s ("FCGI") mining assets in Mexico for cash consideration of \$5.0 million. The assets include the San Agustin mine (formerly the El Castillo Complex), La Colorada mine, Cerro del Gallo project, and San Antonio project. Further, up to \$150.0 million in conditional option payments and the issuance of a 2% net smelter returns royalty on the San Antonio project have been eliminated. The mines and projects being acquired were owned by Argonaut Gold Inc. until July 17, 2024.
- On December 2, 2024, the Company announced additional results from the 2024 drill program at the 100% owned Ana Paula project in Guerrero, Mexico. The holes grew the High-Grade Panel to the north and down-dip, increased resource confidence and are expected to locally improve gold grades compared to the resource model.
- On December 5, 2024, the Company announced the addition of Ramon Tomas Dávila Flores as non-executive director to Heliostar's board of directors. Mr. Dávila was former President of Guanajuato Silver Co., Minister of Economic Development for Durango (2016-2020), and ex-COO of First Majestic Silver, with senior roles at other mining companies.
- In early January 2025, the Company restarted mining operations at the La Colorada Mine from previously stockpiled material known as the Junkyard Stockpile (La Chatarrera) and it is planned that production will continue through the year.

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- On January 14, 2025, the Company filed updated technical reports for La Colorada Operations, San Agustin Operations and the San Antonio Project. The La Colorada life of mine ("LOM") plan indicates a Probable Mineral Reserve of 377k ounces of gold exploited with two years of pre-strip and 4.1 years of mine life, from the effective date of the La Colorada technical report, at production rates up to the 13,000 t/d nameplate throughput capacity of the mine at an all-in sustaining capital cost of \$1,763/oz gold. The San Agustin LOM plan indicates that a Probable Mineral Reserve of 68k ounces of gold can be exploited based on 1.2 years of mine life at an all-in sustaining capital cost of \$1,990/oz Au.
- On February 20, 2025, the Company announced additional results from the Ana Paula drill program. The holes tested the High-Grade Panel at depth and increased resource confidence in the northern and southern boundaries of the High Grade Panel. As of March 31, 2025, a total of 15 holes had been completed for a total of 3,355.6 metres. Drilling included geotechnical and water testing of potential tailings facility locations.
- On March 4, 2025, the Company announced Vitalina Lyssoun commencing her role as the Chief Financial Officer of the Company. Ms. Lyssoun brings over 16 years of financial expertise, with a focus on the resource sector.
- On March 31, 2025, the Company announced a drill-out of the Company's 100% owned Ana Paula deposit. The 2025 program has three aspects to improve the Ana Paula resource: in-fill drilling, testing the extent of satellite zones and testing exploration targets North of the Parallel Panel.
- The Company changed its presentation currency to US dollar for the year ended March 31, 2025. The Company also reassessed functional currency of its Mexican subsidiaries to be US dollar as of January 1, 2025, following the FCGI Transaction and its impact on Mexican entities.

FINANCING

- On June 21, 2024, the Company completed the initial tranche of its non-brokered private placement offering of 16,904,585 units at C\$0.265 per unit for approximately \$3.3 million in gross proceeds. The Company also paid finder's fees in connection with a portion of the financing, consisting of a cash fee of \$0.1 million. In addition, the Company issued the finders 554,718 non-transferable finder's warrants ("Finder's Warrant"). Each Finder's Warrant entitles the holder to purchase one share at a price of C\$0.265 for a period of 12 months.
- On August 8, 2024, the Company completed the final tranche of its non-brokered private placement offering of 1,886,000 units at C\$0.265 per unit for approximately \$0.4 million in gross proceeds.
- On October 16, 2024, the Company completed a non-brokered private placement of 10,000,000 units at a price of C\$0.60 per Unit for gross proceeds of \$4.3 million (C\$6.0 million). The Company incurred \$0.4 million (C\$0.6 million) in cash share issue costs.
- On March 28, 2025, the Company completed a bought deal equity financing, including the partial exercise of the underwriters' option, for 19,500,000 units at a price of C\$1.00 per unit for gross proceeds of \$13.6 million (C\$19.5 million). The Company incurred \$1.0 million (C\$1.3 million) in cash share issue costs.
- For the year ended March 31, 2025, the Company issued 9,274,673 common shares upon the exercise of warrants and stock options, for gross proceeds of \$2.5 million.

ACQUISITION OF FCGI MINING ASSETS

Florida Canyon Gold Inc. Mining Assets

On November 7, 2024, the Company acquired 100% of the issued and outstanding shares of FCGI Mexican subsidiaries, being the shares held by FCGI, directly or indirectly, in each of Minexson S.A. de C.V., Compañía Minera Pitalla S.A. de C.V., Minera Real del Oro S.A. de C.V., Mineral Sud California S.A. de C.V., Kings-San Antón S.A. de C.V. and Timmins GoldCorp Mexico S.A. de C.V., pursuant to a share purchase agreement dated July 16, 2024, between FCGI and Heliostar. On closing of the FCGI Transaction, the Company paid \$5.0 million.

The acquisition was completed in order to support the Company's growth strategy with multiple gold –producing assets and a strong pipeline for production growth.

The Company has determined that this transaction represents a business combination with the Company identified as the acquirer, as defined in IFRS 3 Business Combinations. The Company began consolidating the operating results, cash flows and nets assets of FCGI Mexican subsidiaries from November 7, 2024, onwards.

The determination of the fair value of assets acquired and liabilities assumed is based on a detailed valuation of FCGI Mexican subsidiaries' net assets, utilizing income, market, and cost valuation methods conducted with the assistance of an independent third party. The purchase price allocation for the FCGI Transaction was finalized during the current reporting period. All identifiable assets acquired and liabilities assumed have been measured at their fair values as of the acquisition date, in accordance with IFRS 3. No further measurement period adjustments are anticipated.

As part of the FCGI Transaction, Heliostar and FCGI entered into termination agreements for the Ana Paula acquisition agreement and San Antonio option agreement. On November 7, 2024, the contingent consideration payable on the earlier of the completion of a feasibility study for the Ana Paula project and January 1, 2025, and the account receivable balance were extinguished, resulting in a gain on extinguishment of transaction of \$1.8 million.

Given the significant change in mining environment in Mexico between the purchase agreement on July 11, 2024, and the acquisition date of November 7, 2024, as well as additional reserves being identified around the time of the acquisition, the transaction resulted in a significant bargain purchase gain.

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Total consideration for the acquisition was valued at \$5.0 million and allocated as follows on November 7, 2024:

Purchase Price Allocation	Preliminary	Adjustments¹	Final
Cash consideration paid	\$ (5,000)	\$ -	\$ (5,000)
Elimination of contingent payments	2,000	(2,000)	-
Concession payments	(531)	531	-
Cash and cash equivalents acquired	4,313	(4,313)	-
Implied enterprise value	\$ 782	\$ (5,782)	\$ (5,000)
Assets & liabilities:			
Cash	-	4,313	4,313
Current assets (excluding cash)	50,153	57	50,210
Current liabilities	(15,226)	(677)	(15,903)
Other non-current assets	4,250	(1,553)	2,697
Non-current liabilities	(14,063)	(17,873)	(31,936)
Machinery & Equipment – El Castillo	-	481	481
Machinery & Equipment - San Agustin	11,615	77	11,692
Machinery & Equipment - La Colorada	5,924	(1,114)	4,810
Exploration and Evaluation - Cerro Del Gallo	1,600	(1,010)	590
Exploration and Evaluation - San Antonio	3,500	(2,510)	990
Mineral properties - San Augustin Mine	6,200	(4,870)	1,330
Mineral properties - La Colorada Mine	12,705	(10,015)	2,690
Net assets acquired	66,658	(34,694)	31,964
Unallocated Cost of Acquisition (Bargain Purchase Gain)	(67,440)	40,476	(26,964)
Total assets allocated	\$ (782)	\$ 5,782	\$ 5,000

¹The fair values of inventories, mineral properties, plant and equipment, reclamation and closure cost provision, and deferred income tax liabilities were measured on a provisional basis at the acquisition date, pending completion of the valuation process which was finalized at March 31, 2025.

OPERATING PERFORMANCE

On November 7, 2024, the Company completed the acquisition of a 100% interest in all of FCGI's mining assets in Mexico. The assets acquired included the La Colorada mine, San Augustin mine and the El Castillo mine.

The Company had no mine operations prior to November 7, 2024.

Consolidated

A summary of the Company's consolidated financial information for the three and twelve months ended March 31, 2025, and consolidated operating results for the three months ended March 31, 2025, and the period from November 7, 2024 until March 31, 2025, are presented below:

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		Three months ended March 31,		Year ended March 31,	
		2025	2024	2025	2024
Gold produced	Oz	8,787	-	14,216	-
Gold sold	Oz	7,710	-	12,855	-
Gold equivalent ounces ("GEOs") ² sold	GEO	7,964	-	13,241	-
Cash cost ^{1,3}	\$ per GEO	1,136	-	1,178	-
All-in sustaining costs ("AISC") ^{1,4}	\$ per GEO	1,689	-	1,605	-
Revenues	\$	22,742	-	36,574	-
Mine operating earnings	\$	11,816	-	18,579	-
Net earnings (loss)	\$	(34,293)	-	21,035	-
Earnings (loss) per share	\$	(0.15)	-	\$0.10	-
Weighted average shares outstanding (basic)		223,284,911	-	207,587,076	-

The Company had no metals production until acquisition of FCGI mining assets on November 7, 2024.

In the three months ended March 31, 2025, the Company produced 8,777 ounces of gold from residual leaching and restarted mining at La Colorada. Consolidated AISC was \$1,460 per GEO.

In the period since November 7, 2024, until March 31, 2025, the Company produced 14,206 ounces of gold from residual leaching and restarted mining at La Colorada. Consolidated AISC was \$1,627 per GEO.

La Colorada Operations

La Colorada is an open pit mine in the state of Sonora, Mexico, which produces gold-silver doré ("La Colorada Operations"). The operating facilities include primary and secondary crushers with 12,000 tonnes per day ("tpd") capacity, conveyors, multi-lift single-use leach pads, a carbon absorption circuit (CIC), and a stripping and electro-winning circuit.

Operating results for the periods since the acquisition on November 7, 2024, to March 31, 2025, were as follows:

		Three months ended March 31,		Year ended March 31,	
		2025	2024	2025	2024
Gold produced	Oz	4,113	-	5,753	-
Gold sold	Oz	3,092	-	4,709	-
Gold equivalent ounces ("GEOs") ² sold	GEO	3,229	-	4,913	-
Cash cost ^{1,3}	\$/GEO	871	-	1,028	-
AISC ^{1,4}	\$/GEO	1,380	-	1,236	-

In late 2023, the previous owners of La Colorada placed the mine under care and maintenance, with metals production continuing from re-leaching of residual leach pads.

In the three months ended March 31, 2025, the Company was re-leaching the residual leach pads and mining the Junkyard Stockpile. Total revenues reported were \$8.9 million from 3,229 GEOs.

Since acquisition of the mine on November 7, 2024, to March 31, 2025, the Company continued re-leaching the residual leach pads and mining the Junkyard Stockpile from January 2025. Total revenues reported for this period were \$13.2 million from 4,913 GEOs.

Production and cost guidance for the 2025 calendar year for the La Colorada Operation was published on February 4, 2025, and remains unchanged.

The Company completed Mineral Resource and Mineral Reserve estimates and a life-of-mine ("LOM") plan for the La Colorada Operation, with a technical report published on January 13, 2025, and with an effective date of October 31, 2024.

San Agustin Operations

San Agustin is an open pit mine in the state of Durango, Mexico, which produces gold-silver doré ("San Agustin Operations"). The operating facilities include primary and secondary crushers with 30,000 tpd capacity, conveyors, multi-lift single-use

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leach pads, a carbon absorption circuit (CIC) and a Merrill Crowe plant. Loaded carbon is shipped to La Colorada Operations for carbon stripping and carbon regeneration.

Operating results for the periods since the acquisition on November 7, 2024, to March 31, 2025, were as follows:

		Three months ended March 31,		Year ended March 31,	
		2025	2024	2025	2024
Gold produced	Oz	4,415	-	7,982	-
Gold sold	Oz	4,121	-	7,092	-
Gold equivalent ounces ("GEOs") ² sold	GEO	4,233	-	7,266	-
Cash cost ^{1,3}	\$/GEO	1,250	-	1,297	-
AISC ^{1,4}	\$/GEO	1,320	-	1,425	-

In September 2024, the previous owners of San Agustin placed the mine under care and maintenance, with metals production continuing from re-leaching of residual leach pads, which the company continued through March 31, 2025.

In the three months ended March 31, 2025, total revenues reported were \$11.7 million from 4,233 GEOs.

In the period since acquisition of the mine on November 7, 2024, to March 31, 2025, total revenues reported were 19.5 million from 7,266 GEOs.

Production and cost guidance for the 2025 calendar year for the San Agustin Operation was published February 4, 2025, and remains unchanged.

The Company completed a Mineral Resource and Mineral Reserve estimate and a LOM plan for the San Agustin Operation, with a technical report published January 13, 2025, and with an effective date of November 30, 2024.

El Castillo

El Castillo is an open pit mine in the state of Durango, Mexico, under care and maintenance.

Operating results for the periods from the acquisition on November 7, 2024, to March 31, 2025, were as follows:

		Three months ended March 31,		Year ended March 31,	
		2025	2024	2025	2024
Gold produced	Oz	260	-	481	-
Gold sold	Oz	497	-	1,053	-
Gold equivalent ounces ("GEOs") ² sold	GEO	503	-	1,063	-
Cash cost ^{1,3}	\$/GEO	1,885	-	1,057	-
AISC ^{1,4}	\$/GEO	2,169	-	1,701	-

In late 2022, the previous owners of El Castillo placed the mine under care and maintenance, with metals production continuing from re-leaching of residual leach pads.

In the three months ended March 31, 2025, total revenues reported were \$1.4 million from 503 GEOs. Reclamation expenditures for the period were \$1.6 million related to rinsing of the east leach pad, reforestation initiatives in the vicinity of the mine, pit lake modelling and studies addressing water quality.

In the period since acquisition of the mine on November 7, 2024, to March 31, 2025, total revenues reported were \$2.9 million from 1,063 GEOs sold, including initial inventory on acquisition. Reclamation expenditures for the period were 2.7 million related to which included rinsing of the east leach pad, reforestation initiatives in the vicinity of the mine, pit lake modelling and studies addressing water quality. Further reclamation work will continue to be performed in 2025 with an anticipated cost of \$3.4 million from April 1 through December 31, 2025.

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1 This is a non-GAAP Measure; please see "Non-GAAP Financial Measures" section.

2 Gold equivalents are calculated using 0.01132:1 (Au/Ag) ratio for Q4 2025, and 0.01127:1 (Au/Ag) ratio for YTD 2025.

3 Cash cost per GEO includes mining, processing, and direct costs.

4 AISC per GEO includes mining, processing, direct overhead, corporate general and administration expenses, reclamation, and sustaining capital.

5 Production costs include mining, crushing, processing, and direct overhead at the operation sites.

6 All-in cost per GEO includes AISC plus non-sustaining expenditures.

Non-GAAP Financial Measures

Management believes that the following non-GAAP financial measures will enable certain investors to better evaluate the Company's performance, liquidity, and ability to generate cash flow. These measures do not have any standardized definition under IFRS, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. *Other companies may calculate these measures differently.*

Cash costs

The Company uses cash costs per ounce of metals sold to monitor its operating performance internally. The most directly comparable measure prepared in accordance with IFRS is cost of sales. The Company believes this measure provides investors and analysts with useful information about its underlying cash costs of operations. The Company also believes it is a relevant metric used to understand its operating profitability and ability to generate cash flow. Cash costs are measures developed by metals companies in an effort to provide a comparable standard; however, there can be no assurance that the Company's reporting of these non-IFRS financial measures are similar to those reported by other mining companies. They are widely reported in the metals mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS financial measures. Cash costs include production costs, refinery and transportation costs and extraordinary mining duty. Cash costs exclude non-cash depreciation and depletion and site share-based compensation.

Mining cash costs

Mining cash costs are a preliminary measure used by management to assess cost of mining and processing minerals, excluding non-cash items, like depreciation, before determination of cash costs.

AISC

All-in Sustaining Costs ("AISC") more fully defines the total costs associated with producing precious metals. The AISC is calculated based on guidelines published by the World Gold Council (WGC), which were first issued in 2013. In light of new accounting standards and to support further consistency of application, the WGC published an updated Guidance Note in 2018. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus growth capital. Note that in respect of AISC metrics within the technical reports, because such economics are disclosed at the project level, corporate general and administrative expenses were not included in the AISC calculations.

All-in costs

The Company uses All-in Costs to assess the total costs associated with producing precious metals, including growth (non-sustaining) capital expenditures and exploration and evaluation expenses. Other companies may calculate this measure differently because of differences in underlying principles and policies applied.

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Reconciliation from cost of sales to non-GAAP measures

For the year ended March 31, 2025						For the year ended March 31, 2024				
		La Colorada	San Agustin	El Castillo	Consolidate d		La Colorada	San Agustin	El Castillo	Consolidated
Cost of sales		\$ 5,638	\$ 11,211	\$ 1,146	\$ 17,995					-
Maintenance cost (indirect)		-	(320)	-	(320)					-
Depreciation		(73)	(1,019)	(4)	(1,096)					-
Mining cash cost^{1,5}	A	5,565	9,872	1,142	16,579		-	-	-	-
Add:										
Refining costs		55	35	9	99					-
Ag credits		(571)	(482)	(26)	(1,079)					-
Total cash cost^{1,3}	B	5,049	9,425	1,125	15,599		-	-	-	-
General and administrative		491	349	176	3,495					
Stock-based compensation		-	-	-	498					
Accretion relating to reclamation and rehabilitation		212	438	405	1,055					-
Sustaining capital expenditures		320	144	104	599					-
Total All-in sustaining cost^{1,4}	C	6,072	10,356	1,810	21,246		-	-	-	-
Exploration & evaluation expenses (non-sustaining)		4,102	324	67	6,701					-
Reclamation cost adjustment		-	-	89	89					-
Total All-in cost^{1,6}	D	10,174	10,680	1,966	28,036		-	-	-	-
GEOs² sold	E	4,913	7,266	1,063	13,241					-
Mining cash cost^{1,5}	A	\$5,565	\$9,872	\$1,142	\$16,579		-	-	-	-
Total cash cost^{1,3}	B	\$5,049	\$9,425	\$1,125	\$15,599		-	-	-	-
Total All-in sustaining cost^{1,4}	C	\$6,072	\$10,356	\$1,810	\$21,246		-	-	-	-
Total All-in cost^{1,6}	D	\$10,174	\$10,680	\$1,966	\$28,036					
Cash cost per GEO sold	B/E	\$1,028	\$1,297	\$1,058	\$1,178		-	-	-	-
All-in sustaining cost per GEO sold	C/E	\$1,236	\$1,425	\$1,703	\$1,605		-	-	-	-
All-in cost per GEO sold	D/E	\$2,071	\$1,470	\$1,849	\$2,117		-	-	-	-

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For the three months ended March 31, 2025						For the three months ended March 31, 2024				
		La Colorada	San Agustin	El Castillo	Consolidated		La Colorada	San Agustin	El Castillo	Consolidated
Cost of sales		\$ 3,245	\$ 6,723	\$ 959	\$ 10,926					-
Maintenance cost (indirect)		(20)	(110)	-	(130)					-
Depreciation		(74)	(1,040)	(4)	(1,119)					-
Mining cash cost^{1,5}	A	3,150	5,573	955	9,677		-	-	-	-
Add:										
Refining costs		55	35	9	99					-
Ag credits		(393)	(318)	(16)	(727)					-
Total cash cost^{1,3}	B	2,812	5,290	948	9,049		-	-	-	-
General and administrative		274	80	(149)	2,781					-
Stock-based compensation		-	-	-	498					-
Accretion relating to reclamation and rehabilitation		116	280	188	584					-
Sustaining capital expenditures		(169)	(62)	104	538					-
Total All-in sustaining cost^{1,4}	C	3,033	5,588	1,091	13,450		-	-	-	-
Exploration & evaluation expenses (non-sustaining)		1,424	194	4	3,830					-
Reclamation cost adjustment		-	-	89	89					-
Total All-in cost^{1,6}	D	4,457	5,782	1,184	17,369		-	-	-	-
GEOs² sold	E	3,229	4,233	503	7,965					-
Mining cash cost^{1,5}	A	\$3,150	\$5,573	\$ 955	\$ 9,677		-	-	-	-
Total cash cost^{1,3}	B	\$2,812	\$5,290	\$ 948	\$ 9,049		-	-	-	-
Total All-in sustaining cost^{1,4}	C	\$3,033	\$5,588	\$1,091	\$13,450		-	-	-	-
Total All-in cost^{1,6}	D	\$4,457	\$5,782	\$1,184	\$17,369					
Cash cost per GEO sold	B/E	\$871	\$1,250	\$1,885	\$1,136		-	-	-	-
All-in sustaining cost per GEO sold	C/E	\$939	\$1,320	\$2,169	\$1,689		-	-	-	-
All-in cost per GEO sold	D/E	\$1,380	\$1,366	\$2,354	\$2,181		-	-	-	-

DEVELOPMENT AND EXPLORATION

Mineral Properties

a) Ana Paula Project

The Ana Paula Project is an advanced-stage, gold development project located in the state of Guerrero, Mexico ("Ana Paula Project") and is 100% owned by the Company.

On September 17, 2024, the Company announced the commencement of a two-phase, 5,000 metre drill program at the Ana Paula Project, which will test the east, west and down dip extensions of the High-Grade Panel and the Parallel Panel targets.

On October 28, 2024, the Company announced the first results from the Ana Paula drill program. The results included hole AP-24-313 with 6.05 metres @ 8.24 g/t gold and hole AP-24-314 with 16.0 metres @ 16.7 g/t gold. The holes expanded the High Grade Panel down-plunge.

On December 2, 2024, the Company announced results from the Ana Paula drill program. The results included hole AP-24-317 with 87.8 metres @ 16.0 grams per tonne (g/t) gold including 16.1 metres @ 71.8 g/t gold, and hole AP-24-315 with 125.9 metres @ 4.02 g/t gold including 23.6 metres @ 12.5 g/t gold. The holes grew the High-Grade Panel to the north and down-dip, increased resource confidence and locally improved gold grades compared to the resource model. The holes grew

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the High-Grade Panel to the north and down-dip, increased resource confidence and are expected to locally improve gold grades compared to the resource model.

On February 20, 2025, the Company announced additional results from the Ana Paula drill program. The results included hole AP-24-318 with 161.0 metres @ 16.0 g/t gold including 30.0 metres @ 10.1 g/t gold, and hole AP-24-319 with 24.0 metres @ 5.1 g/t gold and 3.0 metres @ 21.4 g/t gold. The holes tested the High-Grade Panel at depth and increased resource confidence in the northern and southern boundaries of the High Grade Panel. As of March 31, 2025, a total of 15 holes had been completed for a total of 3,355.6 metres. Drilling included geotechnical and water testing of potential tailings facility locations.

b) San Antonio Project

The San Antonio Project is a gold development project in the state of Baja California Sur, Mexico. The property comprises 15 titled concessions covering 23,284 ha.

In the year ended March 31, 2025, the company completed an updated technical report for the San Antonio Project, published in January 2025; however, the project requires further development planning and engineering. All major environmental and other permits will need to be obtained before an investment decision can be considered by the Company. Based on the results from the San Antonio Project technical report, the Company is conducting a strategic review of the Project with the objective of identifying and evaluating the next development steps and challenges. The strategic review to potentially add Project value to the San Antonio Project has commenced and is expected to be complete by late 2025.

c) Cerro del Gallo Project

The Cerro del Gallo Project is a gold-silver development project in the Guanajuato state of Mexico, acquired as part of the FCGI assets on November 7, 2024. The property comprises 11 titled concessions covering 9,804 ha, and surface rights to land totalling 445 ha. An environmental permit for the project is pending.

The Company is undertaking further development planning and engineering required to advance the project to a pre-feasibility study level in 2025. All major environmental and other permits will need to be obtained before an investment decision can be considered by the Company.

d) Unga Project, Alaska, USA

The Unga gold-silver project covers 250 square kilometres on neighbouring Unga and Popof Islands, near the Alaska Peninsula and approximately 900 kilometres southwest of Anchorage, Alaska. The property consists of two tracts of subsurface mineral tenure, one on Popof Island and the other on adjacent Unga Island. Both are 100% controlled by Heliostar under an exploration agreement and mining lease option with the Aleut Corporation ("AC"), an Alaska Native Regional Corporation. These two tracts surround six State of Alaska mining claims at the Shumagin deposit and 16 patented U.S. federal mining claims at the Apollo-Sitka prospect, all owned 100% by Heliostar.

There has not been any significant drilling since 2021. Additional exploration work and drilling are planned for the second half of 2025.

FINANCIAL RESULTS

	Three months ended March 31,		Year ended March 31,	
	2025	2024	2025	2024
Revenues	\$ 22,742	\$ -	\$ 36,574	\$ -
Cost of sales	(11,232)	-	(17,995)	-
Mine operating earnings	11,510	-	18,579	-
General and administrative expenses	(4,524)	(654)	(8,991)	(2,784)
Exploration	(2,363)	(2,407)	(8,029)	(10,282)
Stock based compensation	(420)	(247)	(1,601)	(1,413)
Gain on extinguishment of transaction	596	-	1,763	-
Gain on acquisition	(38,050)	-	26,964	-
Net income (loss)	(33,703)	(3,734)	21,035	(14,781)
Total assets	117,226	20,932	117,226	20,932
Working capital	41,433	(2,527)	41,433	(2,527)

Three months ended March 31, 2025 and 2024

Revenues

The Company's 2025 revenues are from the La Colorada, San Agustin and El Castillo mines that were acquired on November 7, 2024. Gold production is primarily from re-leaching at the three mines as well as start of mining operations at La Colorada in January 2025.

Cost of sales

The Company's 2025 costs of sales are for the La Colorada, San Agustin and El Castillo mines that were acquired on November 7, 2024.

General and administrative expenses

General and administrative expenses of the company comprise of salaries, professional, regulatory, travel and other administrative fees. The significant increase in the three months ended March 31, 2025, is due to the regional offices and personnel in Mexico with the acquisition of FCGI's assets on November 7, 2024.

Exploration

Exploration expense consisted of work performed on the La Colorada, San Agustin and Ana Paula projects in the period. The expense in the period was similar to the comparative period last year.

Gain on extinguishment of transaction and gain on bargain purchase

Gain on extinguishment of transaction and gain on bargain purchase relate to elimination of contingent payments related to the Ana Paula project and the corresponding recognition of fair values of acquired net assets, respectively, through the acquisition of FCGI mining assets.

Years ended March 31, 2025 and 2024

Revenues

The Company's revenues are from the La Colorada, San Agustin and El Castillo mines that were acquired on November 7, 2024. Gold production is primarily from re-leaching at the three mines as well as start of mining operations at La Colorada in January 2025.

Cost of sales

The Company's 2025 costs of sales are for the La Colorada, San Agustin and El Castillo mines that were acquired on November 7, 2024.

General and administrative expenses

General and administrative expenses of the company comprise of salaries, professional, regulatory, travel and other administrative fees. The significant changes in costs in the current year is primarily attributable to transaction costs of FCGI asset acquisition (\$0.6 million), the cost of new regional offices and personnel in Mexico as well as various transition costs.

Exploration

Exploration expense for the year was due to work performed on the La Colorada, San Agustin and Ana Paula projects in the period. The \$2.3 million reduction from prior year was primarily due to the focus on restarting and improving mining and re-leaching activities since the FCGI Transaction.

Gain on extinguishment of transaction and gain on bargain purchase

Gain on extinguishment of transaction and gain on bargain purchase relate to elimination of contingent payments related to the Ana Paula project and the corresponding recognition of fair values of acquired net assets, respectively, through the acquisition of FCGI mining assets.

Liquidity and Capital Resources

The Company has repaid its Dean Knight loan during the year and its Ocean Partners debt option remains undrawn.

The Company had 244,113,685 issued and outstanding common shares as of March 31, 2025 (March 31, 2024 – 184,292,180). As of July 25, 2025, the company had 250,759,858 issued and outstanding shares.

As at March 31, 2025, the Company had positive working capital of \$41.4 million (March 31, 2024 – negative working capital of \$2.5 million).

	Years ended March 31,	
	2025	2024
Cash Flow		
Cash used/provided by operating activities	\$ 5,852	\$ (11,004)
Cash used by investing activities	(1,274)	(63)
Cash provided by financing activities	22,009	8,592
Effect on cash and cash equivalents of foreign exchange	42	(20)
Change in cash	26,629	(2,495)
Cash, beginning of the period	556	3,051
Cash, end of the period	27,185	556

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As at March 31, 2025, cash totaled \$27.2 million, an increase of \$26.6 million from \$0.6 million as at March 31, 2024. The increase was primarily due a \$5.9 million inflow from operating activities and \$22.0 million from issuance of shares in a bought deal and exercise of stock options and warrants.

Cash generated by operating activities was due to revenue generated from the production of the acquired mines since November 7, 2024.

Cash used by investing activities was primarily related to net cash outflow for the FCGI Transaction and acquisition of mineral properties plant and equipment.

Cash generated by financing activities was due to share issuances from private placement, bought deal and exercises of stock options and warrants.

The Company's future funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity and foreign exchange fluctuations.

With the acquisition of the producing mines, management believes the equity needs of the business in the near term can be satisfied by cash generated by operations after servicing the necessary capital expenditures. Management believes it will be able to raise equity capital as required in the long-term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

The Company faces ongoing risks related to global inflation and foreign exchange rate volatility. It remains vigilant in monitoring these risks and will implement necessary measures promptly. Additionally, the current economic environment introduces greater uncertainty in near-term metal prices, exchange rates, discount rates, and other key assumptions used in the Company's accounting estimates. Any changes to these assumptions could have a significant impact on the Company's accounting estimates.

Summary of Quarterly Results

	March 31, 2025 Q4 2024	December 31, 2024 Q3 2024	September 30, 2024 Q2 2024	June 30, 2024 Q1 2024	March 31, 2024 Q4 2023	December 31, 2023 Q3 2023	September 30, 2023 Q2 2023	June 30, 2023 Q1 2023
Total revenues	\$ 22,742	\$ 13,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Profit/(Loss) for the period	(33,703)	60,410	(3,747)	(2,320)	(3,734)	(3,405)	(4,477)	(3,164)
Comprehensive Profit/(Loss)	(33,496)	59,565	(3,747)	(2,320)	(3,734)	(3,405)	(4,477)	(3,164)
Profit/(Loss) per share - basic	\$0.09	\$0.29	\$(0.02)	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.03)	\$(0.02)
Total assets	116,856	121,518	21,272	22,502	20,932	23,939	22,310	22,126
Working capital	41,433	36,415	(4,409)	(1,121)	(2,527)	2,524	1,809	1,069

OFF-BALANCE SHEET ARRANGEMENTS

As a policy, the Company does not enter into off-balance sheet arrangements with special-purpose entities in the normal course of business, nor does it have any unconsolidated affiliates.

SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) Due to related parties

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For the years ended March 31, 2025 and 2024

As of March 31, 2025, \$0.1 million (March 31, 2024 - \$0.04 million) was payable to the management of the Company as part of their management fees.

(b) Key management compensation

Key management consists of the Company's directors and officers. Key management personnel include those people who have authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The table below presents aggregate value of compensation to key management:

	Year ended March 31,	
	2025	2024
Senior executive fees	\$ 859	\$ 309
Non-executive directors' fees	72	47
Share-based compensation	904	949
	\$ 1,835	\$ 1,306

During the year ended March 31, 2025, \$0.05 million was paid in senior executive fees to the Executive Chairman, \$0.2 million (2024 - \$0.2 million) paid to the CEO, \$0.2 million (2024 - Nil) paid to the COO, and \$0.1 million (2024 - \$0.1 million) paid to the CFO.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

The Company has various commitments with local communities in the normal course of business, ranging in amounts and duration. The current portion of these commitments is estimated to be \$1.4 million. The amount of commitments is uncertain due to the long-term nature of the agreements and no provision has been made in the financial statements.

CHANGES IN ACCOUNTING POLICIES

Inventories

Inventories are stated at the lower of weighted average cost and the net realizable value ("NRV"). For work-in process and finished goods inventories, the NRV is determined by using the estimated gold price at the time of sale less remaining cost of completion to bring the inventory into saleable form. Cost of supplies inventory includes acquisition, freight, and other directly attributable costs. Work-in-process inventory includes ore in the leaching process, stockpiled ore at mining operations, and gold on carbon. Finished goods include gold in dore or bullion. For work-in-process and finished goods inventories, cost includes all direct costs incurred in production, including direct labor and materials, freight, depreciation and amortization of plant and equipment used in the production process, depletion of mineral properties and directly attributable overhead costs. If the NRV is lower than the expected cost of the finished product, the inventory is written down to the NRV. The write down may be reversed if circumstances change.

Work-in-process inventories that the Company does not expect to process in the 12 months following the statement of financial statement date are classified as non-current. The NRV of the non-current portion of inventories are calculated based on the estimated price at the time of sale using long-term gold prices less remaining costs to completion to convert the inventories into saleable form discounted over the planned processing timeframe.

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This policy was adopted during the year following the FCGI Transaction and is applied in accounting for the Company's inventories.

Mineral properties, plant and equipment

a. Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and impairment charges. The cost of buildings, mobile equipment, and plant and processing equipment used in the Company's mining operations are amortized on either a straight-line basis over the estimated useful life of the related asset or on a unit-of production basis over estimated proven and probable reserves, or other relevant metric. The cost of office equipment, furniture and fixtures, and vehicles is amortized on a straight-line basis over the estimated useful life of the related asset.

b. Mineral properties

The costs of acquiring, exploring and developing mineral properties or property rights, and increasing future output by providing access to additional sources of reserves or resources, are capitalized up to the time the asset is ready to use. Proceeds derived from mining activities and incidental proceeds from the sale of items prior to the assets being ready for use in the manner intended by management are recognized as revenues along with the related costs in the consolidated statements of (loss) income.

Mineral properties are recorded at cost less accumulated depletion and impairment charges. When assets are ready for use as intended by management, mineral properties and mine development costs are amortized on a unit-of-production basis over the estimated proven and probable reserves, resources or other relevant metrics to which they relate. Mine development costs associated with each distinct section of the mine are amortized over the reserves, resources or other relevant metric to which they relate. Upon sale or abandonment of mineral properties, the cost and related accumulated depletion are written off and any gains or losses thereon are included in the consolidated statements of (loss) income.

During the production phase, further mining expenditures, including development costs, incurred either to develop new ore bodies or to develop mine areas in advance of current production are capitalized to mineral properties. Stripping costs incurred in the production phase are accounted for as variable production costs. However, stripping costs incurred to improve access to the identified component of ore, which are determined using strip ratio methodology, will be capitalized and recorded on the statement of financial position as deferred stripping, a component of mineral properties. The deferred stripping will be depleted on a unit-of production basis over the reserves that directly benefited from the stripping activity.

Amortization of mineral properties, plant and equipment

The carrying amounts of mineral properties, plant and equipment are depreciated, depleted or amortized to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below:

- Plant and equipment - 1 to 30 years straight-line, not to exceed mine life;
- Mineral properties and mine development costs - based on a unit-of-production basis over estimated proven and probable reserves; and
- Assets under construction - not amortized.

Estimates of residual values, useful lives, and proven and probable reserves are reassessed at least annually, and any change in estimate is considered in the determination of remaining depreciation, depletion, or amortization charges. Depreciation, depletion or amortization commences on the date the asset is available for use as intended by management.

This policy was amended during the year following the FCGI Transaction to reflect amortization of mineral properties, plant and equipment, of operating assets.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts,

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rebates, and sales taxes or duty. Revenue from the sale of goods is recognized when control has transferred, which is generally considered to occur when title passes to the customer. Once the title has passed to the customer, the significant risks and rewards of ownership have been transferred, and the customer is able to direct the use of and obtain substantially all the remaining benefits from the goods.

Metals in doré sold are priced on the date of the transfer of control. Final weights and assays are adjusted on the final settlement, which is approximately one month after delivery.

Revenue is recorded net of refining costs.

This policy was adopted during the year following the FCGI Transaction and is applied in accounting for the Company's revenues.

Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured at the date of the exchange, as the aggregate of the fair value of assets acquired, liabilities incurred assumed and equity instruments issued by the company in exchange for control of the acquiree. Acquisition-related costs incurred are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in income or loss immediately as gain on bargain purchase.

This policy was adopted during the year to account for the FCGI Transaction.

Accounting standards adopted in the period

In 2022, IASB issued amendments to IAS 1, clarifying the presentation of liabilities. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendments also require new disclosures in the annual financial statements for non-current liabilities that are subject to covenants within 12 months after the end of the reporting period. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments were applied effective January 1, 2024, and did not result in any adjustment to the consolidated financial statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

Mineral properties

The cost of acquiring, exploring and developing mineral properties and the cost to increase future output by providing access to additional reserves or resources, are capitalized. Management relies on external and internal geological and

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metallurgical experts to develop estimates of recoverable reserves and resources, metallurgical recovery estimates, and future production volumes. After a mine commences production, these costs are amortized over the proven and probable reserves to which they relate if available; otherwise, the Company will use its best estimate based on measured and indicated resources or another relevant metric. The determination of reserves and resources is complex and requires the use of estimates and assumptions related to geological sampling and modeling, future commodity prices and costs to extract and process the ore. The mineral reserve or resource is used in estimating the value of the mineral property and in the determination of recoverable ounces which is further used in depletion and depreciation calculations.

Share-based payments

Management assesses the fair value of stock options granted in accordance with its accounting policy. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Management assesses the fair value of restricted shares units based on the fair value of the Company's share on issuance day.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Estimated useful lives and depreciation of equipment and intangible asset

Depreciation of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Reclamation and closure cost provisions

The Company's provisions for reclamation and closure costs represent management's best estimate of the present value of the future cash outflows required to settle the liabilities, which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above estimates and assumptions can result in changes to the provisions recognized by the Company.

Fair value of assets and liabilities acquired

The cost of acquiring exploration and evaluation assets is capitalized and represents their fair value at the date of acquisition. The carrying values of Aurea Mining acquired by the Company are subject to estimates relating to the fair value of other assets and liabilities of Aurea Mining at the acquisition date.

Contingent consideration

The Company's accounting policy for contingent consideration involves making estimates and assumptions regarding future events or circumstances. These include assessing probabilities and timing of payments and applying discount rates to cash flows. These estimates are subject to change with new information.

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar. Determination of functional currency

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may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Exploration and evaluation assets

Management reviews the carrying value of the Company's exploration and evaluation assets on a quarterly basis or when there are indications that the carrying amount may not be recovered. The assessment of potential impairment involves judgment and considers various factors such as the Company's market capitalization, fluctuations in metal prices, property plans, and the results of exploration activities conducted so far. This evaluation also considers changes in the market or business environment, events that have affected the asset, and information obtained from internal reporting to determine if any indications of impairment exist.

Acquisitions

Accounting for acquisitions requires estimates with respect to the fair value of the assets acquired and liabilities assumed. The determination of fair value requires management to use valuation methods including discounted cash flow models and other market-based information, and to make assumptions and estimates about future events, such as production, future metal prices, production costs, capital expenditures, discount rates and other assumptions. Changes in these assumptions or estimates could affect the fair values assigned to assets acquired and liabilities assumed.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Going concern

These consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

Financial instrument classification and measurement

The fair value of the Company's marketable securities is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, infrastructure or technology, discount rates and estimates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as accretion expense.

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Fair values of financial assets and liabilities

The Company's financial instruments include cash, short-term investments, marketable securities, amounts receivable, accounts payable and accrued liabilities, and due to related parties. Marketable securities are marked to fair value at each financial statement reporting date. Cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

Currency risk

The Company's main property interests in Alaska, USA, and in Sonora, Durango, Baja California Sur, Guanajuato and Guerrero, states of Mexico, make it subject to foreign currency fluctuations which may adversely affect the Company's consolidated statements of financial position, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately \$17.9 million denominated in Canadian dollars and net monetary liabilities of approximately \$0.2 million denominated in Mexican pesos. A 10% change in the absolute rate of exchange in the foreign currencies would have an effect of \$0.3 million to the net income.

Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken. The Company's accounts receivable subject to provisional pricing are not significant and fluctuations in pricing are not expected to be material.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk. The maximum exposure to credit risk is equal to the carrying value of cash and trade receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at March 31, 2025, the Company had a cash balance of \$27.2 million (March 31, 2024: \$0.6 million) and accounts payable and accrued liabilities of \$14.6 million (March 31, 2024: \$1.5 million) with contractual maturities of less than one year.

RISKS AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditure made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditure is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain the commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to consider results to date. The revision, reduction, or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions, and sentiments are subject to change, both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity price

The Company's exploration projects are primarily related to exploration for gold and other precious metals in Canada, Mexico and the USA. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the past, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder must assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title.

Aboriginal land claims

Mexico and US Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is generally supportive of measures established to achieve such cooperation. The risk of unforeseen aboriginal title claims also could affect existing exploration activities as well as

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potential development projects and possible future acquisitions and transfer of properties. While there is no existing claim to the Company's knowledge in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations cannot be predicted.

Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share price volatility and price fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Foreign countries and regulatory requirements

Currently, the Company's only non-Canadian properties are located in the United States. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental.

Environmental and other regulatory requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational

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health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of net losses; accumulated deficit

The Company currently generates revenue from its operations; however, environmental and other regulatory requirements may affect its operations. There is no certainty that the Company will continue to produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable

The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Critical accounting estimates

In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value. Management's estimates of exploration, operating, capital and reclamation costs, if any, are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

The Company also uses the Black-Scholes Option Pricing Model in relation to share-based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective

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input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock options granted/vested during the year.

Increased Costs

Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to several factors, such as the results of ongoing exploration activities (positive or negative), changes in mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

US Tariffs

The Company may be exposed to risks arising from changes in trade policies, including those of the United States. Recently, the U.S. has implemented or proposed tariffs and other trade measures affecting raw materials, metals, and other commodities. Although the Company's operations are primarily based in Mexico, exposure to US markets, suppliers and contractors presents potential risks related to these policies.

Conflicts of Interest

Certain directors and officers of the Company also serve as directors, officers and advisors of other companies involved in natural resource exploration and development. To the extent that such companies may participate in ventures with the Company, such directors and officers may have conflicts of interest in negotiating and concluding the terms of such ventures. Such other companies may also compete with the Company for the acquisition of mineral property rights. If any such conflict of interest arises, the Company's policy is that such director or officer will disclose the conflict to the board of directors and, if the conflict involves a director, such director will abstain from voting on the matter. In accordance with the Business Corporations Act (BC), the directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company. Government

Regulation

The Company operates in an industry that is governed by numerous regulations, including but not limited to, environmental regulations as well as occupational health and safety regulations. Most of the Company's mineral properties are subject to government reporting regulations. The Company believes that it is in full compliance with all regulations and requirements related to mineral property interest claims. However, it is possible that regulations or tenure requirements could be changed by the respective governments resulting in additional costs or barriers to the development of the properties. This would adversely affect the value of properties and the Company's ability to hold onto them without incurring significant additional costs. It is also possible that the Company could be in violation of, or non-compliant with, regulations it is not aware of.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements. Further, the effectiveness of internal control is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may change. There were no changes in our internal controls over financial reporting during the year period ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Legal proceedings

As at the year-end and the report date, there were no material legal proceedings against or by the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data:

	July 29, 2025	July 23, 2024
Common shares outstanding	250,759,858	185,031,761
Stock options	18,408,668	14,267,329
Restricted share units	2,636,254	2,768,750
Warrants	29,587,427	52,762,863
Fully diluted common shares outstanding	301,392,207	254,830,703

PROPOSED TRANSACTIONS

None.

OTHER INFORMATION

All technical reports on material properties, press releases, and material change reports are filed on SEDAR at www.sedarplus.ca.

QUALIFIED PERSON

The technical information contained in this MD&A has been reviewed and approved by Samuel D. Anderson, CPG and Stewart Harris, P.Geo., Gregg Bush, P.Eng. and Mike Gingles of Heliostar who are Qualified Persons as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects".

Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.